

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION**Financial Statements and Schedule****September 30, 2006 and 2005****With Independent Auditors' Report Thereon**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

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A Professional Accounting Corporation

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NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

Financial Statements and Schedule

September 30, 2006 and 2005

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

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A Professional Accounting Corporation
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Independent Auditors' Report

The Board of Commissioners
New Orleans City Park Improvement Association:

We have audited the statements of net assets of New Orleans City Park Improvement Association (the Park) as of September 30, 2006 and 2005, and the related statements of changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Park's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Orleans City Park Improvement Association as of September 30, 2006 and 2005, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 3 through 10 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 22, 2007 on our consideration of the New Orleans City Park Improvement Association's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Our audits were made for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information included in the Schedules of Operating Expenses is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Postlethwaite & Netterville

New Orleans, Louisiana
May 22, 2007



NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

Management's Discussion and Analysis

September 30, 2006 and 2005

This section of the New Orleans City Park Improvement Association (the Park) financial report presents a discussion and analysis of the Park's financial performance during the fiscal year that ended September 30, 2006 and 2005. Please read it in conjunction with the Park's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

2006 Highlights

The Park's net assets represent approximately 63% of total assets of approximately \$14.2 million in 2006. In 2005, the Park's net assets approximated 73% of total assets of approximately \$10.3 million.

The Park's increase in net assets was approximately \$1.5 million for the year ended September 30, 2006 as compared to a decrease of approximately \$5 million for the year ended September 30, 2005. In addition, the Park's cash used in operating activities was approximately \$742,000 in 2006 as compared to approximately \$145,000 in 2005.

2005 Highlights

The Park's net assets represent approximately 73% of total assets of approximately \$10 million in 2005. In 2004, the Park's net assets approximated 81% of total assets of approximately \$15 million.

The Park's decrease in net assets was approximately \$5 million for the year ended September 30, 2005 as compared to an increase approximately \$466,000 for the year ended September 30, 2004. In addition, the Park's cash used by operating activities was approximately \$145,000 in 2005 as compared to \$289,000 in 2004.

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report consists of four parts: management's discussion and analysis (this section), the basic financial statements, the notes to the financial statements, and other supplementary information.

The financial statements provide both long-term and short-term information about the Park's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of other supplemental information that further explains and supports the information in the financial statements.

The Park's financial statements are prepared on an accrual basis in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. Under this basis of accounting, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, and depreciation of assets is recognized in the Statements of Changes in Net Assets. All assets and liabilities associated with the operation of the Park are included in the Statements of Net Assets.

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

Management's Discussion and Analysis, Continued

September 30, 2006 and 2005

The Statements of Net Assets reports the Park's net assets. Net assets, the difference between the Park's assets and liabilities, are one way to measure the Park's financial health or position. The increase in the Park's net assets in 2006 over 2005 is an indicator of its improvement from the prior year.

FINANCIAL ANALYSIS OF THE PARK - 2006

Net Assets

The Park's total net assets at September 30, 2006 reached approximately \$9 million, a 20% increase over September 30, 2005 (See Table A-1). Total assets increased 38% to approximately \$14.2 million, and total liabilities increased 86% to approximately \$5.2 million. The increase in net assets is mainly attributable to the purchase of property and equipment funded through donations and FEMA public assistance grants.

TABLE A-1 NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION Statements of Net Assets September 30, 2006 and 2005			
Assets	2006	2005	Increase (Decrease)
Current assets	\$ 3,017,367	\$ 864,918	\$2,152,449
Investments	1,366,396	903,231	463,165
Capital assets	9,825,137	8,557,624	1,267,513
Total assets	\$ 14,208,900	\$ 10,325,773	\$3,883,127
Current liabilities	4,321,233	1,907,170	2,414,063
Insurance payable	904,854	904,854	-
Total liabilities	5,226,087	2,812,024	2,414,063
Net assets:			
Invested in capital assets, net	9,825,137	8,550,743	1,274,394
Restricted	663,016	545,172	117,844
Unrestricted	(1,505,340)	(1,582,166)	76,826
Total net assets	8,982,813	7,513,749	1,469,064
	\$ 14,208,900	\$ 10,325,773	\$3,883,127

Total current assets increased due to the increase in the balance of federal grant receivable of \$1.5 million. Capital assets increased due to the acquisition of various fixed assets, including additions to the gardens, Pavilion, amusements, stadium and general park. This increase was partially offset by the continued depreciation of the capital assets.

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

Management's Discussion and Analysis, Continued

September 30, 2006 and 2005

Total liabilities increased due to the amounts owed of approximately \$1.5 million for debris removal work throughout the Park and approximately \$750,000 of deferred operating income and FEMA public assistance grants.

Net assets grew by approximately \$1.5 million as explained in the following section. Net assets invested in capital assets reflect fixed assets, net of accumulated depreciation. Restricted assets reflect assets restricted by a donor and/or contractual agreements for specific purposes.

Changes in Net Assets

The change in net assets for the year ended September 30, 2006 was approximately a \$1.5 million increase as compared to a decrease of approximately \$5 million for the year ended September 30, 2005. The Park's total operating revenues decreased by 80% to approximately \$2 million, and total operating expenses decreased by 66% to approximately \$5.6 million. The changes in net assets are detailed in Table A-2, operating expenses are detailed in Table A-3.

	2006	2005	Increase (Decrease)
Operating Revenues:			
Golf operations	\$ 144,644	\$ 3,081,039	\$ (2,936,395)
Amusements and other events	660,035	2,494,542	(1,834,507)
Casino, catering, and restaurant revenue	655,426	2,621,253	(1,965,827)
Horticulture, grounds and pavilion	386,558	804,415	(417,857)
Other	150,201	1,034,605	(884,404)
Total operating revenues	1,996,864	10,035,854	(8,038,990)
Operating expenses:			
Golf operations	24,459	2,693,994	(2,669,535)
General park	1,955,660	2,531,048	(575,388)
Casino, catering, and restaurant expense	464,875	2,338,469	(1,873,594)
Amusement and other events	120,328	1,305,156	(1,184,828)
Depreciation	774,842	945,140	(170,298)
Hurricane Katrina loss	1,771,028	5,020,965	(3,249,937)
Other	480,504	1,415,613	(935,109)
Total operating expenses	5,591,696	16,250,385	(10,658,689)
Operating loss	(3,594,832)	(6,214,531)	2,619,699
Nonoperating income	3,095,516	605,003	2,490,513
Capital contributions	1,968,380	651,452	1,316,928
Changes in net assets	1,469,064	(4,958,076)	6,427,140
Total net assets, beginning of the year	7,513,749	12,471,825	(4,958,076)
Total net assets, end of the year	\$ 8,982,813	7,513,749	\$ 1,469,064

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

Management's Discussion and Analysis, Continued

September 30, 2006 and 2005

Operating revenues decreased by 80% to approximately \$2 million. This was primarily a result of the facilities that were inoperable due to damage caused by Hurricane Katrina.

Operating expenses decreased by 66% to approximately \$5.6 million. The decrease in the operating expenses is due to the number of revenue generating facilities that were destroyed due to Hurricane Katrina and not operating during the year. Salaries costs decreased due to reductions in personnel. Payroll benefit costs increased from the prior year due to unemployment claims of \$436,000 subsequent to Hurricane Katrina.

Nonoperating income increased 411% to \$3.1 million due to increased funding from federal and state sources and private donations during the year ended September 30, 2006.

TABLE A-3
NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION
Schedule of Operating Expenses
For the years ended September 30, 2006 and 2005

	2006	2005	Increase (Decrease)
Payroll	\$ 1,156,581	\$ 3,807,895	\$ (2,651,314)
Cost of goods sold	170,216	1,049,421	(879,205)
Contract labor	178,742	335,869	(157,127)
Depreciation	774,842	945,140	(170,298)
Payroll benefits	669,626	552,343	117,283
Utilities	112,473	368,463	(255,990)
Repairs and maintenance	33,493	171,329	(137,836)
Insurance	324,545	263,777	60,768
Golf management operations	107	2,522,426	(2,522,319)
Hurricane Katrina	1,771,028	5,020,965	(3,249,937)
Other	400,043	1,212,757	(812,714)
Total operating expenses	\$ 5,591,696	\$ 16,250,385	\$ (10,658,689)

FINANCIAL ANALYSIS OF THE PARK - 2005

Net Assets

The Park's total net assets at September 30, 2005 reached approximately \$7.5 million, a 40% decrease over September 30, 2004 (See Table A-4). Total assets decreased 33% to approximately \$10.3 million, and total liabilities decreased 4% to approximately \$2.8 million. The decrease in net assets is due to the disposal of assets (including property, equipment, and inventory) damaged in Hurricane Katrina and the loss of revenue for September 2005.

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

Management's Discussion and Analysis, Continued

September 30, 2006 and 2005

TABLE A-4 NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION Statements of Net Assets September 30, 2005 and 2004			
Assets	2005	2004	Increase (Decrease)
Current assets	\$ 864,918	\$ 1,135,493	\$ (270,575)
Investments	903,231	690,389	212,842
Capital assets	8,557,624	13,581,276	(5,023,652)
Total assets	\$ 10,325,773	\$ 15,407,158	\$ (5,081,385)
Current liabilities	1,907,170	1,916,221	(9,051)
Capital leases payable	-	5,676	(5,676)
Insurance payable	904,854	1,013,436	(108,582)
Total liabilities	2,812,024	2,935,333	(123,309)
Net assets:			
Invested in capital assets, net	8,550,743	13,461,267	(4,910,524)
Restricted	545,172	481,233	63,939
Unrestricted	(1,582,166)	(1,470,675)	(111,491)
Total net assets	7,513,749	12,471,825	(4,958,076)
	\$ 10,325,773	\$ 15,407,158	\$ (5,081,385)

Total current assets decreased due to the collection of receivables during 2005 and the increase in the allowance for doubtful accounts at September 30, 2005. Capital assets decreased due to the disposal of assets damaged by Hurricane Katrina and the current year depreciation expense.

Total liabilities decreased due to the payoff of leased assets and the continued payments of the long-term insurance payable.

Net assets decreased by approximately \$5 million as explained in the following section. Net assets invested in capital assets reflect fixed assets, net of accumulated depreciation, net of debt balance for capital leases. Restricted assets reflect assets restricted by a donor and/or contractual agreements for specific purposes.

Changes in Net Assets

The change in net assets for the year ended September 30, 2005 was approximately \$5 million as compared to a change in net assets of approximately \$466,000 for the year ended September 30, 2004. The Park's total operating revenues decreased by 4% to approximately \$10 million, and total operating expenses increased 38% to approximately \$16.3 million. The changes in net assets are detailed in Table A-5, operating expenses are detailed in Table A-6.

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

Management's Discussion and Analysis, Continued

September 30, 2006 and 2005

TABLE A-5 NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION Statements of Changes in Net Assets For the years ended September 30, 2005 and 2004			
	2005	2004	Increase (Decrease)
Operating Revenues:			
Golf operations	\$ 3,081,039	\$ 3,388,991	\$ (307,952)
Amusements and other events	2,494,542	2,578,903	(84,361)
Casino, catering, and restaurant revenue	2,621,253	2,715,614	(94,361)
Horticulture, grounds and pavilion	804,415	853,328	(48,913)
Other	1,034,605	907,257	127,348
Total operating revenues	<u>10,035,854</u>	<u>10,444,093</u>	<u>(408,239)</u>
Operating expenses:			
Golf operations	2,693,994	2,802,566	(108,572)
General park	2,531,048	2,495,958	35,090
Casino, catering, and restaurant expense	2,338,469	2,113,356	225,113
Amusement and other events	1,305,156	1,873,323	(568,167)
Depreciation	945,140	1,189,165	(244,025)
Hurricane Katrina loss	5,020,965	-	5,020,965
Other	1,415,613	1,333,064	82,549
Total operating expenses	<u>16,250,385</u>	<u>11,807,432</u>	<u>4,442,953</u>
Operating loss	(6,214,531)	(1,363,339)	(4,851,192)
Nonoperating income:	605,003	384,874	220,129
Capital contributions	<u>651,452</u>	<u>1,443,991</u>	<u>(792,539)</u>
Changes in net assets	(4,958,076)	465,526	(5,423,602)
Total net assets, beginning of the year	<u>12,471,825</u>	<u>12,006,299</u>	<u>465,526</u>
Total net assets, end of the year	<u>\$ 7,513,749</u>	<u>\$ 12,471,825</u>	<u>\$ (4,958,076)</u>

Operating revenues decreased by 4% to approximately \$10 million. This was primarily a result of no revenue realized for the month of September 2005 after Hurricane Katrina.

Operating expenses increased 38% to approximately \$16.3 million. The increase in operating expenses was primarily due to the Hurricane Katrina loss including the write-off of damaged buildings, equipment, and inventory.

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

Management's Discussion and Analysis, Continued

September 30, 2006 and 2005

TABLE A-6 NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION Schedule of Operating Expenses For the years ended September 30, 2005 and 2004			
	2005	2004	Increase (Decrease)
Payroll	\$ 3,807,895	\$ 3,843,581	\$ (35,686)
Cost of goods sold	1,049,421	1,081,287	(31,866)
Contract labor	335,869	405,248	(69,379)
Depreciation	945,140	1,189,165	(244,025)
Payroll benefits	552,343	536,331	16,012
Utilities	368,463	346,874	21,589
Repairs and maintenance	171,329	115,299	56,030
Insurance	263,777	358,742	(94,965)
Golf management operations	2,522,426	2,802,566	(280,140)
Hurricane Katrina	5,020,965	-	5,020,965
Other	1,212,757	1,128,339	84,418
Total operating expenses	\$ 16,250,385	\$ 11,807,432	\$ 4,442,953

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Asset Administration

The Park's investment in capital assets approximated \$9.8 million, net of accumulated depreciation. This investment consists principally of buildings and related improvements, other equipment and the conservatory. During the year ended September 30, 2005, the Park suffered significant damage to property and equipment as a result of Hurricane Katrina. Management evaluated the impact of Hurricane Katrina on the property and equipment records and recorded a write off of assets with cost of \$10.2 million and accumulated depreciation of \$5.4 million at September 30, 2005. During the year ended September 30, 2006, the Park acquired \$2 million of new capital assets in the process of rebuilding the Park facilities damaged by Hurricane Katrina. At September 30, 2006, the Park has construction in progress of \$825,000 relating to projects throughout the Park.

Debt Administration

The Park's capital lease for equipment was paid in full during 2006. The Park also has a long-term payable to the State of Louisiana (the State) related to the State's insurance premiums. The Park's is required to participate in the State's insurance program for general liability and related coverage.

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

Management's Discussion and Analysis, Continued

September 30, 2006 and 2005

ECONOMIC FACTORS AND OUTLOOK

The Park is rebuilding and restoring its facilities following Hurricane Katrina. Due to the hurricane, 90% of the staff was laid off and virtually all operations were closed. During the year ended September 30, 2006, several facilities have reopened, including the Botanical Garden (through a grant from the Azby Fund), Tad Gormley Stadium, driving range, Storyland, catering facilities, and the amusement park. The Park has also hosted several events including the annual Celebration in the Oaks, Voodoo Festival, and Battle of the Bands. The State of Louisiana has assisted the Park with operating funds of \$1.2 million for fiscal year 2006-2007 and the Park has requested additional funding from the State for fiscal year 2007-2008. In recent years, the Park has experienced substantial operating losses which have resulted in cash flow difficulties.

CONTACTING THE PARK'S FINANCIAL MANAGEMENT

This financial report is designed to provide our bondholders, patrons, and other interested parties with a general overview of the Park's finances and to demonstrate the Park's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the New Orleans City Park Improvement Association at (504) 482-4888.

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

Statements of Net Assets

September 30, 2006 and 2005

Assets	2006	2005
Current assets:		
Cash (notes 2 and 4):		
Unrestricted	\$ 980,929	\$ 625,023
Restricted	217,096	130,360
Total cash and cash equivalents (note 2)	1,198,025	755,383
Investments substantially restricted (note 2)	23,869	23,869
Receivables (less allowance for doubtful accounts):		
Friends of City Park	-	2,133
Federal grant receivable	1,456,247	-
Other	297,509	40,294
Inventories	25,967	5,447
Prepaid expenses and other assets	15,750	37,792
Total current assets	3,017,367	864,918
Investments held at the Greater New Orleans Foundation (note 2)	422,051	390,943
Investments with Louisiana Asset Management Pool (note 2)	944,345	512,288
Capital assets, net (note 3)	9,825,137	8,557,624
	<u>\$ 14,208,900</u>	<u>\$ 10,325,773</u>
Liabilities and Fund Equity		
Current liabilities:		
Accounts payable - trade	\$ 601,313	\$ 828,656
Other liabilities	1,785,869	98,176
Accrued salaries	33,072	17,525
Deferred income	974,738	226,343
Current portion of capital leases payable	-	6,881
Current portion of insurance payable (note 4)	788,461	464,377
Accrued vacation leave	137,780	261,462
Funds held for others	-	3,750
Total current liabilities	4,321,233	1,907,170
Insurance payable (note 4)	904,854	904,854
Total liabilities	5,226,087	2,812,024
Net assets:		
Invested in capital assets	9,825,137	8,550,743
Restricted	663,016	545,172
Unrestricted	(1,505,340)	(1,582,166)
Total net assets	8,982,813	7,513,749
Commitments (notes 4 and 5)	-	-
	<u>\$ 14,208,900</u>	<u>\$ 10,325,773</u>

See accompanying notes to financial statements.

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

Statements of Changes in Net Assets

For the years ended September 30, 2006 and 2005

	2006	2005
Operating revenues:		
Amusements, concerts and other events	\$ 660,035	\$ 2,494,542
Boating and fishing	250	18,705
Casino, catering, and restaurant revenue	655,426	2,621,253
Golf operations	144,644	3,081,039
Horticulture, grounds and pavilion	386,558	804,415
Quadruplex rentals and concessions	43,161	305,808
Stadium rentals and concessions	49,867	496,949
Tennis fees and shop sales	56,923	213,143
Total operating revenues	<u>1,996,864</u>	<u>10,035,854</u>
Operating expenses:		
Amusements and other events	120,328	1,305,156
Boating and fishing	-	7,829
Casino, catering, and restaurant expense	464,875	2,338,469
Depreciation	774,842	945,140
General park	1,955,660	2,531,048
Golf operations	24,459	2,693,994
Horticulture and grounds	408,431	537,454
Quadruplex	7,269	173,695
Stadium	24,725	514,019
Tennis	40,079	182,616
Hurricane Katrina Loss	1,771,028	5,020,965
Total operating expenses	<u>5,591,696</u>	<u>16,250,385</u>
Net operating loss	<u>(3,594,832)</u>	<u>(6,214,531)</u>
Nonoperating income (expense):		
Donations	490,850	98,373
Federal grant revenue	1,588,244	-
Interest income	22,102	14,194
Interest expense	-	(141)
Lease revenue	165,452	117,239
Royalty revenue	128,620	69,175
State revenue	700,248	306,163
Total nonoperating income	<u>3,095,516</u>	<u>605,003</u>
Changes in net assets before capital contributions	<u>(499,316)</u>	<u>(5,609,528)</u>
Capital contributions	<u>1,968,380</u>	<u>651,452</u>
Changes in net assets after capital contributions	<u>1,469,064</u>	<u>(4,958,076)</u>
Net assets at beginning of year	<u>7,513,749</u>	<u>12,471,825</u>
Net assets at end of year	<u>\$ 8,982,813</u>	<u>\$ 7,513,749</u>

See accompanying notes to financial statements.

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

Statements of Cash Flows

For the years ended September 30, 2006 and 2005

	2006	2005
Cash flows from operating activities:		
Cash received from user fees and other park activities	\$ 2,400,663	\$ 9,836,564
Cash payments to suppliers for goods and services	(1,644,615)	(5,566,638)
Cash payments to employees for services	(1,498,168)	(4,410,263)
Cash lost due to Katrina	-	(4,229)
Net cash used in operating activities	(742,120)	(144,566)
Cash flows from noncapital and related financing activities:		
Cash received from State of Louisiana	400,248	306,163
Cash received from Federal revenue	519,378	-
Cash received from donations	490,850	98,373
Cash received from lease revenue	165,452	117,239
Net cash provided by noncapital financing activities	1,575,928	521,775
Cash flows from capital and related financing activities:		
Contributed by others for capital improvements	1,616,611	687,280
Acquisition and construction of capital assets	(1,688,453)	(737,406)
Repayment of capital leases	(6,881)	(24,615)
Interest paid on capital leases	-	(141)
Net cash provided by (used in) capital and related financing activities	(78,723)	(74,882)
Cash flows from investing activities:		
Interest received on investments	22,102	14,194
Increase (decrease) in investments	(31,108)	(114,873)
Royalties, contributions and other revenue	128,620	69,175
Net cash provided by (used in) investing activities	119,614	(31,504)
Net increase (decrease) in cash and cash equivalents	874,699	270,823
Cash and cash equivalents at beginning of the year	1,291,540	1,020,717
Cash and cash equivalents at end of the year	\$ 2,166,239	\$ 1,291,540
Reconciliation of cash and cash equivalents:		
Cash	\$ 1,198,025	\$ 755,383
Investments substantially restricted	23,869	23,869
Investments with Louisiana Asset Management Pool	944,345	512,288
	\$ 2,166,239	\$ 1,291,540
Reconciliation of net operating loss to net cash provided by operating activities are as follows:		
Operating loss	\$ (3,594,832)	\$ (6,214,531)
Adjustments to reconcile net operating loss to net cash used in operating activities:		
Change in allowance for bad debts	(3,973)	16,264
Loss from Katrina	-	5,016,736
Depreciation	774,842	945,140
Decrease in receivables	46,758	191,802
Increase in inventories	(20,520)	(62,782)
Decrease in prepaid expenses and other assets	22,042	61,499
Increase in trade payables and insurance payable	96,741	396,358
Increase (decrease) in accrued liabilities and other liabilities	1,575,808	(87,696)
Increase (decrease) in deferred income	361,014	(407,356)
Net cash provided by (used in) operating activities	\$ (742,120)	\$ (144,566)

See accompanying notes to financial statements.

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

(1) Summary of Significant Accounting Policies

The State of Louisiana legislature passed Act 84 of 1870 which established a public park in the City of New Orleans (the City) and created the New Orleans Park Board of Commissioners. By Act 87 of 1877, the Board was abolished and the powers and duties were transferred to the City Council of New Orleans.

In 1896, Act 84 of 1870 was repealed and Act 130 gave recognition to an organization called the "New Orleans City Park Improvement Association" (the Park), an agency of the State, which was to manage and supervise the City's park.

Act 865 of 1982 transferred the Park to the State Department of Culture, Recreation and Tourism. The Park shall be used for park, educational and cultural purposes.

(a) Reporting Entity

For financial reporting purposes and in accordance with Governmental Accounting Standards Board's definition of a reporting entity, the Park has only one fund, an enterprise fund, which accounts for all assets, liabilities and operations of the Park, and, as such, is considered a primary government.

Of the 36 authorized Board members, 12 are appointed by various governmental units and nonprofit organizations. The remaining board members serve limited staggered terms and are appointed by the current Board members of the Park. The Park's Board members have decision-making authority over the activities of the Park including: the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. The Park has no special financial relationships with any other governmental unit and is responsible for its own debt and surpluses and deficits.

(b) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting policies of the Park conform to accounting principles generally accepted in the United States of America as applicable to governments. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses, excluding depreciation and amortization, are recorded when a liability is incurred, regardless of the timing of related cash flows. The Park has no governmental or fiduciary funds. The Park uses fund accounting to report its financial position and results of operations. The Park's accounts are organized into a single proprietary fund.

The enterprise fund (a proprietary fund) is used to account for operations (a) that are operated in a manner similar to private business where the intent of the governing body is that the cost (expense, including depreciation) of providing goods and services to the general public is financed or recovered primarily through user charges or (b) where the governing body has decided that the periodic determination of revenues earned, expenses incurred and/or changes in net assets is appropriate for capital maintenance.

The Park's principal operating revenues are the fees received for services. The Park applies all applicable FASB pronouncements issued on or before November 30, 1989 in accounting for its operations unless those pronouncements conflict or contradict GASB pronouncements.

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

(1) Summary of Significant Accounting Policies, Continued

(c) *Investments*

Investments are stated at fair value based on quoted market prices. If quoted prices are not available, fair value is estimated based on similar securities. Louisiana Revised Statutes authorize the Park to invest in bonds, treasury notes, certificates or other obligations of the United States, or time certificates of deposit in state banks organized under Louisiana laws and national banks having principal offices in the State.

(d) *Inventories*

Inventories, consisting primarily of gift shop, concession, and catering supplies, are valued at cost, which approximates market, using the weighted average method.

(e) *Fixed Assets*

Fixed assets are stated at cost. Contributed assets are recorded at fair market value at the time received. Depreciation is provided using the straight-line method over the estimated useful lives.

(f) *Vacation Leave*

The Park permits employees a limited amount of earned but unused vacation benefits, which will be paid to employees upon separation from Park service.

(g) *Net Assets*

Designations of Net Assets represent those portions which are not available for operations but have been designated by the Board. .

(h) *Cash Flows*

For purposes of the statement of cash flows, only cash certificates on hand and on deposit and investments having an initial term of three months or less are included in cash and cash equivalents. Included in donation revenue for the year ended September 30, 2006 is \$353,902 of non-cash donations relating to work performed at the Pavillion.

(i) *Allowance for Doubtful Accounts*

The allowance for doubtful accounts is based on prior years experience and management's analysis of possible bad debts. Accounts receivable considered uncollectible are charged against the allowance account in the year they are deemed uncollectible. The allowance for doubtful accounts was \$31,603 and \$35,576 as of September 30, 2006 and 2005, respectively.

(i) *Deferred income*

Deferred income represents resources the Park has received, but not yet earned, such as federal grant funds received prior to the incurrence of qualifying expenditures, cash deposits received as prepayments from customers on catering events and birthday parties, or prepaid rental revenue.

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

(2) Cash, Cash Equivalents and Investments

The following are the components of the Park's cash, cash equivalents and investments at September 30, 2006 and 2005:

	2006	2005
Current:		
Cash in banks and certificates of deposit	\$ 1,198,025	\$ 755,383
Investments - Certificates of Deposit	23,869	23,869
Investments with Louisiana Asset Management Pool	944,345	512,288
Long-term:		
Investments held at Greater New Orleans Foundation	422,051	390,943
Total cash, cash equivalents and investments	\$ 2,588,290	\$ 1,682,483

The bank balances of cash and certificates of deposit, as reflected by the Bank's records totaled \$1,341,014 and \$787,644 at September 30, 2006 and 2005, respectively. The Park's bank balances and certificates of deposits at year-end were covered by federal depository insurance or by collateral held by the Park's custodial bank in the Park's name.

Restricted cash and investments as of September 30, 2006 and 2005 are as follows:

	Restricted Cash	Restricted Investments	Total
2006:			
Ribet Fund	\$ -	\$ 23,869	\$ 23,869
Greater New Orleans Foundation	-	422,051	422,051
Neighborhood Association Funds	3,750	-	3,750
Capital Funds Received from Private Donors	213,346	-	213,346
	\$ 217,096	\$ 445,920	\$ 663,016
2005:			
Ribet Fund	\$ -	\$ 23,869	\$ 23,869
Greater New Orleans Foundation	-	390,943	390,943
Neighborhood Association Funds	3,750	-	3,750
Capital Funds Received from Private Donors	126,610	-	126,610
	\$ 130,360	\$ 414,812	\$ 545,172

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

(2) Cash, Cash Equivalents and Investments, Continued

Investments - The Park's investments are categorized below to give an indication of the level of risk assumed by the Park at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the Park or its agent in the Park's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department in the Park's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the Park's name.

	Fair Value	Category
2006:		
Certificate of Deposit	\$ <u>23,869</u>	1
Total	\$ <u>23,869</u>	1
2005:		
Certificate of Deposit	<u>23,869</u>	1
Total	\$ <u>23,869</u>	1

As of September 30, 2006 and 2005, the Park had investments totaling \$944,345 and \$512,288, respectively, in the Louisiana Asset Management Pool (LAMP). LAMP, local government investment pool, represents those assets held which is not categorized under GASB Codification Section 150.164 because the investment is in a pooled fund and thereby not evidenced by securities that exist in physical or book entry form. LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2-a7, which governs registered money market funds. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. The fair market value of investments is determined on a weekly basis to monitor any variances between amortized cost and market value. For purposes of determining participants' shares, investments are valued at amortized cost. LAMP is designed to be highly liquid to provide immediate access to participants.

As of September 30, 2006 and 2005, the Park had investments totaling \$422,051 and \$390,943, respectively, in the Greater New Orleans Foundation (GNOF). GNOF investments are held in a donor investment pool which is not categorized under GASB Codification Section 150.164 because investments are not evidenced by securities that exist in physical or book entry form. Investments in GNOF are administered by the Greater New Orleans Foundation, a 501(c)(3) public charity. The primary objective of GNOF is to provide a safe environment for the placement of donor funds in high

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

(2) Cash, Cash Equivalents and Investments, Continued

quality investments. To achieve these objectives, GNOF's investment portfolio consists of three diversified investment portfolios: the money market portfolio, the fixed income portfolio and the equity portfolio.

(3) Capital Assets

The capital assets of the Park as of September 30, 2006 and 2005 are as follows:

Description	2005	Additions	Deletions	2006	Estimated useful life (years)
Amusement equipment	\$ 859,774	\$ 6,059	\$ -	\$ 865,833	5-20
Gardens	4,533,479	867,212	-	5,400,691	5-10
Softball quadraplex	1,391,746	41,380	-	1,433,087	5-20
Administration building	278,681	-	-	278,681	3-20
Golf equipment	338,677	28,483	-	367,160	3-20
Couba Island -- land	686,000	-	-	686,000	-
Couba Island - mineral rights	271,200	-	-	271,200	5
Casino/Catering center	1,931,321	39,778	-	1,971,099	5-10
Tennis center	107,323	-	-	107,323	5-20
General park	1,861,897	258,774	-	1,648,675	5-20
Stadium	33,010	2,242	-	507,248	5-20
Boat equipment	-	-	-	-	5-20
Construction in progress	26,594	798,468	-	825,062	5-20
	\$ 12,319,702	\$ 2,040,396	-	\$ 14,362,059	
Less accumulated depreciation	(3,762,078)	(774,842)	-	(4,536,922)	
Capital assets, net	\$ 8,557,624	\$ 1,265,554	-	\$ 9,825,137	

Construction in progress of \$825,062 and \$26,594 as of September 30, 2006 and 2005, respectively, consists primarily of repairing and rebuilding the amusement area of the Park.

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

(3) Capital Assets, Continued

The capital assets of the Park as of September 30, 2005 and 2004 are as follows:

Description	2004	Additions	Deletions	2005	Estimated useful life (years)
Amusement Equipment	\$ 2,951,842	\$ -	\$ 2,092,068	\$ 859,774	5-20
Gardens	4,922,348	11,874	400,743	4,533,479	5-10
Softball quadraplex	1,590,246	-	198,500	1,391,746	5-20
Trucks	383,949	-	383,949	-	5-10
Administration building	649,751	1,512	372,582	278,681	3-20
Golf equipment	1,532,909	143,573	1,337,805	338,677	3-20
Couba Island - land	686,000	-	-	686,000	-
Couba Island - mineral rights	271,200	-	-	271,200	5
Casino/Catering Center	3,392,462	169,344	1,630,485	1,931,321	5-10
Tennis center	592,458	3,337	488,472	107,323	5-20
General park	2,615,950	191,921	945,974	1,861,897	5-20
Stadium	2,143,954	40,154	2,151,098	33,010	5-20
Boat equipment	21,547	-	21,547	-	5-20
Construction in progress	47,544	675,520	696,470	26,594	5-20
	\$ 21,802,160	\$ 1,237,235	\$ 10,719,693	12,319,702	
Less accumulated depreciation	(8,220,884)	(945,140)	(5,403,946)	(3,762,078)	
Capital assets, net	\$ 13,581,276	292,095	5,315,747	8,557,624	

(4) Deferred income

Deferred income consists of the following at September 30:

	2006	2005
Event deferral	\$ 182,255	\$ 95,982
Federal funds (FEMA)	384,507	-
Restricted contributions	217,096	130,361
Prepaid rent	190,880	-
Total deferred income	\$ 974,738	\$ 226,343

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

(4) Commitments

During 2001, the Park restructured the terms of its \$1,477,763 insurance payable to the State of Louisiana Office of Risk Management, making 120 monthly payments in the amount of \$12,065 effective January 2002. The remaining amount as of September 30, 2006 and 2005 is \$1,369,231.

(5) Operating Leases

The Park leases certain facilities to various lessees under renewable operating lease agreements. These facilities include the cellular tower, the stables, and land to Christian Brothers School. Minimum future lease payments receivable as of September 30, 2006, are as follows:

2007	\$ 19,375
2008	72,225
2009	16,560
2010	16,560
2011	82,560
Thereafter	742,560

During the year ended September 30, 2006, the Park extended the lease with Christian Brothers School on similar terms as the existing lease through 2020. Included in deferred income at September 30, 2006 is \$190,880 which represents the rental payments from Christian Brothers School for the years ended 2007, 2009, and 2010.

(6) Employee Benefit Plans - Deferred Compensation Plan

The Park offers its employees a deferred compensation plan created in accordance with Internal Revenue Section 457. The plan, available to all regular full and part-time Park employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to the employee or their beneficiary until termination, retirement, death, or an unforeseeable emergency.

The plan is administered by the State of Louisiana (the State). Participants' rights under the plan are equal to those of the general creditors of the State in an amount equal to the fair market value of the deferred account for each participant. The Park contributed \$12,530 and \$69,246 to the deferred compensation plan in 2006 and 2005, respectively.

(7) Operations

The Park has incurred substantial operating losses for the years ending September 30, 1998 through 2004. In addition, certain capital improvements have been funded, at least partially, through operations. As a result the Park had a working capital deficit of \$1,303,866 and \$1,042,252 as of September 30, 2006 and 2005. The Board and management of the Park are implementing a plan to improve the Park's financial position through increased revenues from additional programs, state funding, and general price increases for services currently provided, targeted expenses reductions, and a moratorium on unfunded capital expenditures. Similar actions will occur in 2007, as necessary.

NEW ORLEANS CITY PARK IMPOVEMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

(8) Management Agreement

On November 22, 2002, the Park entered into a management agreement with Kemper Sports Management, Inc. (KSM). As part of the management agreement KSM provides certain procurement functions to and for the benefit of the Park, including solicitation of proposals for certain operations, management and maintenance responsibilities in regard to the facilities and related golf services under the supervision of the Chief Executive Officer and Board of Commissioners of the Park. The agreement term is from January 1, 2003 to December 31, 2007, unless terminated according to the cancellation provisions of the agreement. The agreement was terminated by mutual consent after Hurricane Katrina.

KSM receives a management fee equal to 15% of the first \$1,200,000 of net profits. KSM is also paid an incentive management fee equal to 17.5% of net profits between \$1,200,000 and \$1,500,000, 20% of net profits between \$1,500,000 and \$2,000,000 and 25% of net profits in excess of \$2,000,000. Included in receivables on the balance sheet is \$17,797 which represents the net amount due from Kemper at September 30, 2006 and 2005.

(9) Natural Disaster

On August 29, 2005, Hurricane Katrina hit the greater New Orleans area and the Mississippi Gulf Coast. Approximately 90% of the Park was under between one and eight feet of water. The Administration Building, Maintenance Building, Botanical Garden, three golf courses, equipment and vehicles, and approximately 2,000 trees were substantially destroyed by the impact of the storm. The Park is insured by the State Office of Risk Management and has not received any reimbursement for damages incurred from this office as of the report date.

Management evaluated the extent of the damage to the property and equipment and recorded the following losses included in the Hurricane Katrina expense line item:

	2006	2005
Loss on damaged property and equipment	\$ -	\$ 4,815,918
Loss of petty cash	-	4,229
Loss on damaged inventory	-	200,818
Debris removal costs	<u>1,771,028</u>	<u>-</u>
Total loss	\$ <u>1,771,028</u>	\$ <u>5,020,965</u>

A substantial portion of the clean up and debris removal costs have been funded by FEMA. Included in federal revenue in 2006 is \$1,588,244 relating to FEMA public assistance grants. Included in federal receivable at September 30, 2006 is \$1,456,247 which is for project worksheets that are obligated as of the report issuance date. Included in deferred revenue at September 30, 2006 is \$384,507 for FEMA public assistance grants that have been funded to the Park; however, the Park has not expended the funds.

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

(10) Subsequent Events

The Park is rebuilding and restoring its facilities following Hurricane Katrina. Due to the hurricane 90% of the staff was laid off and virtually all operations were closed. Since September 2005 several facilities have reopened, including the Botanical Garden (through a grant of \$1,000,000 from the Azby fund), Tad Gormley Stadium, driving range, catering facilities, Storyland, and the amusement park. The Park has also hosted several events, including the annual Celebration in the Oaks, Voodoo Festival, and Battle of the Bands. The State of Louisiana has assisted the Park with operating funds of \$1.2 million for fiscal year 2006-2007 and the Park has requested additional funding from the State for fiscal year 2007-2008. The Park has received a commitment from the State for \$6.6 million of proceeds from the State General Obligation bonds to fund the rebuilding of one of the golf courses.

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

Schedules of Operating Expenses

For the years ended September 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Administrative	\$ 54,015	\$ 151,628
Advertising	3,866	60,914
Bad debt	-	72,942
Board expenses	284	7,600
Celebration in the Oaks supplies	63,612	137,203
Communications	3,123	13,080
Contract labor	178,742	335,869
Contract services	58,380	243,963
Cost of goods sold	170,216	1,049,421
Depreciation	774,842	945,140
Fuel	11,062	38,663
Golf management fee	107	2,522,426
Hurricane Katrina	1,771,028	5,020,965
Insurance	324,545	263,777
Master plan	-	50,526
Other	86,663	69,118
Payroll	1,156,581	3,807,895
Payroll benefits	669,626	552,343
Rentals	12,912	56,026
Repairs and maintenance	33,493	171,329
Special events	20,234	69,714
Supplies	73,715	197,012
Telephone	12,152	39,435
Uniforms	25	4,933
Utilities	112,473	368,463
Total	<u>\$ 5,591,696</u>	<u>\$ 16,250,385</u>

See accompanying independent auditors' report.

**NEW ORLEANS CITY PARK
IMPROVEMENT ASSOCIATION**

Single Audit Report

September 30, 2006



Postlethwaite & Netterville

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NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

The Board of Commissioners
New Orleans City Park Improvement Association

We have audited the financial statements of the New Orleans City Park Improvement Association (the Park) as of and for the year ended September 30, 2006, and have issued our report thereon dated May 22, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Park's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Park's internal control over financial reporting

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency, described in the accompanying schedule of findings and questioned costs as 2006-1 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Park's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Park's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Park's response and, accordingly, we express no opinion on it.

This report is intended solely for the information of the Park, the Park's management; federal, state and city awarding agencies; and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



New Orleans, Louisiana
May 22, 2007





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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

The Board of Commissioners
New Orleans City Park Improvement Association

Compliance

We have audited the compliance of the New Orleans City Park Improvement Association (the Park) with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2006. The Park's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Park's management. Our responsibility is to express an opinion on the Park's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Park's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Park's compliance with those requirements.

In our opinion, the Park complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended September 30, 2006.

Internal Control Over Compliance

The management of the Park is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Park's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Park's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be a significant deficiency.

A control deficiency in the Park's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that non compliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the Park's internal control. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2006-1 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the Park's internal control. We did not consider any of the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses.

The Park's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Park's response and, accordingly, we do not express an opinion on it.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the Park as of and for the year ended September 30, 2006, and have issued our report thereon dated May 22, 2007. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information of the Park, the Park's management; federal, state and city awarding agencies; and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Port Lighthouse - Nottoville

New Orleans, Louisiana
May 22, 2007



NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

Schedule of Expenditures of Federal Awards

For the year ended September 30, 2006

Federal Grantor/Program Title	<u>CFDA Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Homeland Security:</u>		
Louisiana Office of Homeland Security and Emergency Preparedness Disaster Grants – Public Assistance (Pass-through award)	97.036	<u>\$ 1,622,601</u>
Total Federal Expenditures		<u>\$ 1,622,601</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

Notes to Schedule of Expenditures of Federal Awards

September 30, 2006

(1) General

The accompanying Schedule of Expenditures of Federal Awards presents the federal grant activity of the New Orleans City Park Improvement Association. The Park's reporting entity is defined in note 1 to the financial statements for the year ended September 30, 2006. All Federal financial awards have been included on the Schedule.

(2) Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the Park's financial statements for the year ended September 30, 2006.

(3) Relationship to Financial Statements

Federal awards are included in the financial statements of the Park as follows:

Federal grant revenue	\$	1,588,244
Unobligated grants awaiting approval		<u>34,357</u>
Total Expenditures of Federal Awards	\$	<u>1,622,601</u>

Unobligated grants are awaiting final approval and are not recorded as revenue in the Park's financial statements.

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

Schedule of Findings and Questioned Costs

Year ended September 30, 2006

(1) Financial Statements

(a) The type of auditor's report issued: unqualified opinion

(b) Internal control over financial reporting

Material weakness identified: no

Significant deficiency identified not considered to be material weaknesses: yes, 2006-1

Noncompliance material to financial statements noted: no

(2) Federal Awards

(a) Internal control over major programs:

Material weakness identified: no

Significant deficiency identified not considered to be material weaknesses: yes

(b) Type of auditor's report issued on compliance for major programs: unqualified

(c) Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section 510(a): no

(d) Identification of major programs:

- Department of Homeland Security – CFDA No. 97.036 – Public Assistance Grants

(e) Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

(f) Auditee qualified as a low-risk auditee under Section 530 of OMB Circular A-133: no

(3) Findings Relating to the Financial Statements Reported in accordance with *Government Auditing Standards*: yes, 2006-1

(4) Findings and Questioned Costs relating to Federal Awards: yes, 2006-1

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

Schedule of Findings and Questioned Costs

Year ended September 30, 2006

- (5) Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*:

Finding 2006-1 Internal Control over Financial Reporting

Criteria: The Park should be able to initiate, authorize, record, process, or report data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's consolidated financial statements that is more than inconsequential will not be prevented or detected by the Park's internal control.

Condition: During the course of our audit procedures, we proposed significant adjusting entries to general ledger accounts including federal grant receivable, deferred revenue, and accounts payable.

Effect: Our involvement with the financial reporting process was required in order to report the financial statements in accordance with generally accepted accounting principles.

Recommendation: Management should consider an increase in staffing to allow the Chief Financial Officer to perform more of a review function, as opposed to actually calculating and recording adjustments as needed.

Management Response: Due to Hurricane Katrina 90% of the staff was laid off and virtually all operations were closed. As facilities are repaired and operating revenues increase, the Park is also increasing its staff. An assistant has been added to the fiscal department to assist the Chief Financial Officer. Additional staff will be hired as funds permit.

- (6) Findings and Questioned Costs relating to Federal Awards: yes, 2006-1

See finding described above at 2006-1.



Postlethwaite & Netterville

A Professional Accounting Corporation
Associated Offices in Principal Cities of the United States
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May 22, 2007

To the Board of Commissioners
New Orleans City Park Improvement Association

In planning and performing our audit of the financial statements of New Orleans City Park Improvement Association (the Park) as of and for the year ended September 30, 2006, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Park's internal control. Accordingly, we do not express an opinion on the effectiveness of the Park's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Company's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's consolidated financial statements that is more than inconsequential will not be prevented or detected by the Company's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Park's internal control. We believe that the following deficiency constitutes a significant deficiency.

- Internal control over financial reporting

As part of the audit process, we have historically assisted management in drafting the financial statements and related notes for the year-end audit procedures. During the course of our audit procedures we proposed significant adjusting entries to general ledger accounts including, federal grant receivable, deferred revenue, and accounts payable. Because our involvement is so important to the financial reporting process and due to the significance of the financial statement adjustments, this is an indication that the internal control over financial reporting of the Park meets the definition of a significant deficiency as defined above.

The definition of internal controls over financial reporting is that policies and procedures exist that pertain to an entity's ability to initiate, record, process, and report financial data consistent with the assertions embodied in the annual financial statements, which for the Company is that financial statements are prepared in accordance with generally accepted accounting principles (GAAP). Our responsibility under current audit standards requires us to communicate this issue to the Board.

This communication is intended solely for the information and use of the Board, the Park's management, and federal awarding agencies and pass-through entities, such as the State of Louisiana and the Legislative Auditor's Office and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in cursive script, reading "Postlethwaite + Netterville".

Postlethwaite and Netterville

